

Purpose and summary

To provide Members with proposals for future Committee membership and to confirm the Chairmanship of these Committees. This is an annual requirement under LPFA's constitution. In addition minor amendments have been suggested to the Constitutional Document.

Key issues

- The Constitutional Document was amended in February 2009 in relation to the periodical election of Committee Chairmen and to make this a matter reserved for Board.
- The Investment Committee must be chaired by either the Chairman or Deputy Chairman of the Board.
- Neither the Chairman nor the Deputy Chairman of the Board can chair the Audit Committee or the Remuneration Committee.
- The current membership of each Committee is attached at **Annex 1**.
- Board Members are asked to contact Greg Smith, Board Secretary, in advance of the meeting should they wish to put forward any proposed change so that the appropriate process can take place.
- Minor amendments have been suggested to the Constitutional Document to reflect changes in job titles and to clarify the process around senior officer appointments.
- LPFA's Code of Practice on Fraud has been reviewed and updated and requires approval.
- Terms of reference for Performance and Administration Committee and Audit Committee have been reviewed in relation to commercial contract monitoring. There are no amendments to recommend.

Recommendation**Board are asked to:**

- [1] Confirm the membership and Chairmanship of each Committee.**
- [2] Approve the suggested changes to the Constitutional Document in relation to job titles, senior officer appointments and EU procurement thresholds.**
- [3] Approve LPFA's Code of Practice on Fraud**

Compliance checks

Governance issues:

The establishment, terms of reference and membership of the Committees is a matter reserved for Board.

Equalities impact:

All members participated in the self assessment process and had opportunity to suggest future objectives and preferences; the Committees have been constituted to allow a fairly even spread of workload / time commitment.

Financial implications:

None.

Social, environmental, health and ethical issues:

None identified

Legal implications:

There is an expectation for all Members who take investment decisions to have sufficient expertise (and appropriate training) to be able to evaluate critically any advice they receive.

Communication issues:

Committee membership when agreed will be published on the corporate website and in the Authority's annual report and accounts documentation.

Risk implications:

The risk of Board Members having insufficient knowledge to discharge their responsibilities is overcome via a training programme and appraisals. LPFA will also be signing up to the CIPFA Knowledge and Skills framework

Other relevant / supporting documentation:

Annex 1 ~ Committee Membership

Annex 2 ~ Matters Reserved for Board

Annex 3 ~ Code of Practice 7b Fraud

Freedom of Information Act 2000 ~ LPFA Publication Scheme

This document appears in the Publication Scheme under:

PUBLIC

Category: Who are we and what we do.

BOARD GOVERNANCE

Committee Membership

1. Background

At their meeting in February 2009 the Board agreed to amend the Constitutional Document to make the election of Committee membership and Chairmen a Board responsibility.

The rationale behind this decision was to enable Board Members to refresh Committee membership if they felt current arrangements were not working as effectively as they might.

It is also best governance practice to hold these discussions annually as a full Board, and to allow the whole Board to be involved in the decision making process. Should a Board Member wish to propose a change to the membership structure, they are asked to contact the Board Secretary in advance of the meeting in order that the appropriate process can take place.

2. Standing Order 9 (g)

Standing Order 9 (g) of the Constitutional Document states:

The Board, at its first meeting each year, will review the membership, and confirm the Chairman, of each Committee.

The Chairman of each Committee shall hold office until the earlier of:

- (i) the nomination of their successor as Chairman by the Board;
- (ii) their resignation as Chairman
- (iii) their resignation from the Committee;
- (iv) their ceasing to be a member of the Board.

3. Committee Membership

Annex 1 details current Committee membership. In general efforts have been made to match Committee membership with the skills background of the individual Board Member.

There are occasions when maintaining a quorum is challenging. This has been facilitated by the introduction of provisions allowing Telephone Conferencing technology to be used in cases where the meeting is under threat. This can only be used with the permission of the Chairman of the Committee.

The Independent Advisor to Audit Committee, Peter Derrick, was appointed in June 2010 for a period of 4 years. Board conferred on this post voting rights and the right to count towards a quorum.

Both Independent Advisors to Investment Committee (Peter Moon and David Rough) were appointed in July 2009 for a period of 4 years, although they do not carry voting rights or count towards a quorum. David Rough is also member of the Investment Sub-Committee.

4. Deputy Chairmen

In accordance with standing order 9(f), in the absence of a quorum any remaining business is to be taken at the next ordinary Board meeting. In the absence of the Chairman of the Committee a Deputy will be selected from the other eligible Board Members present.

5. Constitutional Document

Job titles:

The appointment of Susan Martin as Deputy Chief Executive and the approval of the post of Commercial Director means that the job titles in the Constitutional Document are out of date. Board Members are asked to approve updates to these titles throughout the document.

Senior officer appointments:

During the recent appointment process for the Commercial Director it was evident that additional clarity was required around the role of Board vs. power delegated to the Chief Executive. To remedy this it is recommended that Matters Reserved for Board be altered to the following:

7. Directors and senior employees

- 7.1 7.1.1 **The creation of a new post within LPFA's Corporate Management Team is subject to Board approval. The power to appoint an individual to that post is delegated to the Chief Executive and the Chairman.**
- 7.1.2 Board and senior employee succession; [Board]
- 7.1.3 Any matters concerning the continuation in office of any Principal Officer at any time.
- 7.2 Terms of engagement of directors. [Board]
- 7.3 Approval of remuneration committee's recommendations on remuneration for senior employees and ex gratia payments Board members. [Board]

Current Matters Reserved for Board is attached at **Annex 2** for information.

Fraud code of practice:

LPFA's Code of Practice on Fraud Prevention has been updated to reflect recent changes in legislation and to include reference to two key risk areas for fraudulent activity – death overpayments and failure to verify changes in supplier details. **Annex 3.**

Staff have already been made aware of these changes via the Corporate Induction, LPFA News and emails on the subject. There is also an annual action plan for raising fraud awareness contained in the Fraud Control Framework and approved by Audit Committee.

European Procurement Thresholds:

The Constitutional Document includes LPFA's Contract Standing Orders which govern internal procurement rules. The Constitutional Document requires amendment since the procurement thresholds for European tenders were updated with effect from 1st January 2012.

Below £10,000	A contract can be entered on the basis of a single quote, not necessarily in writing, provided that the officer is satisfied that it secures value for money for the Authority
£10,000 to £49,999	Obtain at least 3 written quotes
£50,000 and above	Advertise and invite tenders
Above £173,934 for goods, supplies and services, and above £4,348,350 for works	Competitive procurement in accordance with the Public Contracts Regulations 2006

6. Terms of Reference of Performance and Administration Committee and Audit Committee:

Board Members have recently queried whether there is overlap between these two Committees in relation to monitoring LPFA's commercial activity. Terms of reference have been reviewed and the following is a relevant *extract* from the Constitutional Document:

Performance and Administration Committee:

The function of the Performance and Administration Committee is to monitor the Authority's performance against the Strategy Statement, to consider arrangements for all cost recoverable services, for taking on new business and for monitoring commercial development, and include operational administration of the Schemes administered by the Authority.

- To review the criteria for taking on new business and recommend a policy framework to the Board within which the Committee will work.
- To assess business activity within that framework, and authorise the submission of tenders and quotations for new work.
- To monitor business operations and report quarterly on progress to the Board.

Audit Committee:

The function of the Audit Committee is to monitor the operation of the Authority's audit arrangements, to consider reports, and to make recommendations to the Board as necessary.

- To review internal and external financial statements and reports to ensure that they reflect best practice, and to monitor financial performance against budget.

Taking the above into consideration, the role of Audit Committee is to monitor the financial performance of the Commercial Directorate against budget and to request any further information regarding budget deficits. Audit should also be assured of the effectiveness of the risk management process with regard to commercial activity.

It is not considered that changes are required to the terms of reference although it is acknowledged that there will be some overlap in the areas of contract financial reporting. Officers will continue to review the information submitted to both Committees during 2012 to ensure that the requirements of the terms of reference are met.

It has been best practice at LPFA that if a Committee is concerned over a particular issue then the Chair of the Committee responsible for that area of work can be asked to attend and answer questions.

7. Board Member Standards:

The Localism Act 2011 has abolished the requirement for a Local Authority to have a Standards Committees and has enabled each Local Authority to introduce their own method of dealing with standards issues.

The original legislation did not apply to LPFA and therefore LPFA has adopted a Code of Conduct for Board Members which mirrors best practice. There is no need to make any changes following the Localism Act 2011. LPFA's Board operates a degree of self regulation via registration of interests and related party transactions. Any matter requiring investigation is raised with the Mayor's office.

Committee Membership January 2012

	Investment	Audit	Performance and Administration	Remuneration	Urgency
Membership requirements as laid out in Constitutional Document.	Chairman of Board, Deputy Chairman plus at least 2 other Board members	4 Board members excluding Chairman of Board and Deputy Chairman	4 Board members	3 Board members excluding Chairman of Board and Deputy Chairman	All members of Board
Quorum	3 Board members	3 Board members	3 Board members	3 Board members	4 Board members
Current Size	5	5	5	4	11
Anthony Mayer, Board Chairman	√		√ Chairman of Committee	(ex officio member with voting rights)	√
Michael Deakin, Deputy Board Chairman	√ Chairman of Committee				√
Michael Cassidy	√				√
Icki Iqbal		√		√ Chairman of Committee	√
Angela Pober			√	√	√
Bill Roots		√ Chairman of Committee	√		√
Sarah Smart	√	√			√
Sir Merrick Cockell			√	√	√
Antony Dalwood	√				√
Mike O'Donnell		√		√	√
Stephen Alambritis			√		√
Peter Derrick (Independent Advisor to Audit Committee)		√			

